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**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/22/03

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the accompanying financial statements of the **Housing Authority of St. Charles Parish (HASCP)**, as of and for the year ended September 30, 2002, as listed in the Table of Contents. These financial statements are the responsibility of **HASCP's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HASCP**, as of September 30, 2002, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2003, on our consideration of HASCP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, this report contained instances of noncompliance and a reportable condition.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2003

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
BALANCE SHEET--ENTERPRISE FUND
SEPTEMBER 30, 2002

ASSETS

Cash and temporary cash investments (NOTE 2)	\$ 253,030
Amounts receivable, net (NOTE 7)	36,890
Prepaid and other assets	18,524
Investments (NOTE 4)	70,790
Land, structures and equipment, net (NOTES 3 , 6 AND 12)	<u>1,538,140</u>
 Total assets	 <u>\$1,917,374</u>

LIABILITIES AND EQUITY

Liabilities:

Amounts and other payable (NOTE 5)	\$ 45,234
Compensated absences payable	16,448
Security deposits held for tenants (NOTE 2)	10,408
Deferred liability (NOTE 13)	<u>21,203</u>

Total liabilities	<u>93,293</u>
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Equity:

Contributed capital (NOTES 3 and 6)	1,903,919
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Retained deficit:

Unreserved retained deficit	<u>(79,838)</u>
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Total equity	<u>1,824,081</u>
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Total liabilities and equity	<u>\$1,917,374</u>
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The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED DEFICIT--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Operating Revenues:

Dwelling rental	\$ 145,762
Fees and charges	<u>16,431</u>

Total operating revenues	<u>162,193</u>
--------------------------	----------------

Operating Expenses:

Salaries and employee benefits	189,758
Contractual services	68,588
Utilities	170,473
Garbage and trash removal	13,311
Depreciation	171,998
Insurance	57,971
Housing assistance payments	1,066,148
Convention and travel	1,968
Other	9,512
General	<u>48,361</u>

Total operating expenses	<u>1,798,088</u>
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Operating loss	<u>(1,635,895)</u>
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Non-operating Revenues:

Grants and subsidies	1,646,042
Interest income	22,144
Other	<u>323</u>

Total non-operating revenues	<u>1,668,509</u>
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Net income	32,614
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Retained deficit, beginning of year	<u>(112,452)</u>
-------------------------------------	------------------

Retained deficit, end of year	\$ <u>(79,838)</u>
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The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Operating loss	\$(1,635,895)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	171,998
Decrease in amounts receivable, net	78,034
Decrease in prepaid and other assets	2,453
Decrease in inventories	2,726
Decrease in amounts and other payable	(62,589)
Decrease in compensated absences payable	(1,051)
Decrease in security deposits held for tenants	(6,099)
Increase in deferred liability	21,203
Other	<u>500</u>
Net cash used in operating activities	<u>(1,428,720)</u>
Cash Flows from Investing Activities:	
Interest received	22,144
Purchase of investments	<u>(24,015)</u>
Net cash used in investing activities	<u>(1,871)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidies from Federal grants	1,646,042
Other	<u>323</u>
Net cash provided by noncapital financing activities	<u>1,646,365</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	(247,345)
Transfer of construction in progress	196,384
Other	<u>536</u>
Net cash used in capital and related financing activities	<u>(50,425)</u>
Net increase in cash and temporary cash investments	165,349
Cash and temporary cash investments, beginning of year	<u>87,681</u>
Cash and temporary cash investments, end of year	\$ <u><u>253,030</u></u>
Interest paid for year ended September 30, 2002	\$ <u><u>-0-</u></u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Background and General Data:

Background

The **Housing Authority of St. Charles Parish (HASCP)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HASCP** has been contracted by HUD to administer the Low-Income and Section 8 Housing Program, (Now Housing Choice Vouchers Program) respectively under Annual Contributions Contracts.

As of September 30, 2002, **HASCP** was primarily engaged in the administration of Low-Income and Section 8 Housing Programs to low-income residents in Boutte, Hahnville, and Des Allemands, Louisiana.

Under the Low-Income Program, **HASCP** provides eligible families housing under leasing arrangements. For the Section 8 Programs, **HASCP** provides funds in the form of rental subsidies to owners on behalf of the tenants.

Financial Reporting Entity

HASCP has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of Boutte.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued

Financial Reporting Entity, Continued

HASCP was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HASCP** is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

As required by Louisiana State Reporting Law (LSA-RS 24:514) and HUD regulations, the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HASCP** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HASCP** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HASCP's** proprietary fund include the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued

Under the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) effective for fiscal years that began after June 15, 2000, **HASCP** recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- **HASCP** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received whichever is first;
- Revenue and expenses are recognized when all applicable eligibility requirements are met;
- For transactions with time requirements, resources received prior to the satisfaction of the time requirement(s) are recorded as deferred revenue; and
- Transactions with no time requirement(s) are recorded by **HASCP** as revenue upon award.

Budget

HASCP prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year October 1, the annual budget is approved by the Board of Commissioners. Also, budgetary amendments require approval by the Board. **HASCP** does not present its budget to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, **HASCP** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued

Land, Structures and Equipment, Continued

Structures and equipment with a cost of \$200 or more are capitalized and are depreciated in the enterprise fund of **HASCP** using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Building	33
Building improvements	15
Equipment	3-7

Compensated Absences

HASCP follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs.

Interprogram activities are netted at the combined financial statements level.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - Cash and Temporary Cash Investments:

At September 30, 2002, **HASCP's** cash and temporary cash investments consisted of the following:

<u>Description</u>	<u>Carrying Value</u>	<u>Market Value</u>
Demand Deposit	\$241,228	\$241,228
Cash and Money Market Funds	<u>11,802</u>	<u>11,802</u>
Total	<u>\$253,030</u>	<u>\$253,030</u>

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HASCP**.

At September 30, 2002, the carrying amount of **HASCP's** cash deposits was \$253,030 and the cumulative bank balance was \$257,262. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in **HASCP's** name.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Temporary Cash Investments, Continued

Cash and temporary cash investments are categorized as Category 1. Category 1 represents cash insured or collateralized with securities held by the pledging financial institution's trust department or agent in HASCP's name.

Included in cash and temporary cash investments is \$10,408 of tenant security deposits.

NOTE 3 - Land, Structures and Equipment:

At of September 30, 2002, land, structures and equipment consisted of the following:

	Balance September 30, 2001	Additions	Other Changes	Balance September 30, 2002
Land	\$ 13,028	\$ -0-	\$ -0-	\$ 13,028
Buildings and building improvements	5,297,618	214,885	-0-	5,512,503
Equipment	120,328	-0-	-0-	120,328
Construction in progress	<u>224,864</u>	<u>32,460</u>	<u>(196,384)</u>	<u>60,940</u>
Sub-total	5,655,838	247,345	(196,384)	5,706,799
Less accumulated depreciation	<u>(3,996,125)</u>	<u>(171,998)</u>	<u>(536)</u>	<u>(4,168,659)</u>
Total	<u>\$ 1,659,713</u>	<u>\$ 75,347</u>	<u>\$(196,920)</u>	<u>\$ 1,538,140</u>

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Investments:

At September 30, 2002, investments consisted of certificates of deposit with interest and maturities as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Rate (%)</u>	<u>Maturity</u>
Certificate of deposit	\$47,276	\$47,276	5.10%	12/15/03
Certificate of deposit	<u>23,514</u>	<u>23,514</u>	4.25%	06/13/05
Total	<u>\$70,790</u>	<u>\$70,790</u>		

NOTE 5 - Amounts and Other Payable:

At September 30, 2002, amounts and other payable consisted of the following:

Accrued payroll taxes payable	\$10,840
HUD	23,338
Other	<u>11,056</u>
Total	<u>\$45,234</u>

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Contributed Capital:

At September 30, 2002, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of **HASCP**, payable by HUD and secured by annual contributions. The debt does not constitute an obligation of **HASCP** and accordingly has not been reported in the accompanying financial statements. Contributed capital also includes the net of accumulated expenses, grants and subsidies of **HASCP**. An analysis of contributed capital follows:

Balance October 1, <u>2001</u>	Net Additions	Balance September 30, <u>2002</u>
<u>\$1,903,919</u>	<u>\$-0-</u>	<u>\$1,903,919</u>

NOTE 7 - Amounts Receivable, Net:

At September 30, 2002, amounts receivable, net consisted of the following:

Amounts receivable - HUD	\$ 32,324
Amounts receivable - tenants	12,055
Amounts receivable - other	<u>2,823</u>
Sub-total	47,202
Less: allowance for doubtful accounts	<u>(10,312)</u>
Total	<u>\$ 36,890</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Retirement System:

Plan Description

HASCP participates in a single employer defined contribution plan. The Housing Authority of St. Charles Parish Retirement Plan (the Plan) is authorized and may be amended by the Board of Commissioners.

Plan Funding

Funding for the system is through a contribution of 7% and 5% by **HASCP** and its employees, respectively. The contribution amount is based on the employee's base salary each month.

HASCP's gross payroll for participating employees for the year ended September 30, 2002, was \$89,178. **HASCP** and employee contributions made using base salary amounted to \$6,210 and \$4,327, respectively.

NOTE 9 - Risk Management:

HASCP is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HASCP** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Concentration of Credit Risk:

HASCP receives primarily all of its revenues from dwelling rentals and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rentals and HUD falls below contract levels, **HASCP's** operating results could be adversely affected.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Contingencies:

HASCP is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HASCP**. These examinations may result in required refunds by **HASCP** to the agencies and/or program beneficiaries.

NOTE 12 - Commitments:

At September 30, 2002, **HASCP**, has executed agreements with HUD totaling \$474,158 for various modernization projects in progress. Balance of funds remaining at September 30, 2002, was \$381,308.

NOTE 13 - Deferred Liability:

At September 30, 2002, the amount reflected as deferred liability of \$21,203, represents the proceeds from an insurance claim for damages to a dwelling unit owned by **HASCP**. Management anticipates complete restoration of the damages to the unit in the current year at a cost within the amount of the insurance proceeds received.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Our report on our audit of the financial statements of the **Housing Authority of St. Charles Parish (HASCP)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV, and V) which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

February 28, 2003

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING BALANCE SHEET--ENTERPRISE FUND
SEPTEMBER 30, 2002

	Low Rent Public Housing Program	Capital Fund Program	Housing Choice Vouchers Program	Totals (Memorandum Only)
<u>ASSETS</u>				
Cash and temporary cash investments	\$ 112,367	\$ -0-	\$140,663	\$ 253,030
Amounts receivable, net	4,566	32,324	-0-	36,890
Prepaid expenses	18,249	-0-	-0-	18,249
Investment	70,790	-0-	-0-	70,790
Inventories	275	-0-	-0-	275
Due from other funds	34,824	-0-	12,770	47,594
Land, structures and equipment, net	<u>1,477,200</u>	<u>60,940</u>	<u>-0-</u>	<u>1,538,140</u>
Total assets	<u>\$1,718,271</u>	<u>\$93,264</u>	<u>\$153,433</u>	<u>\$1,964,968</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Amounts and other payable	\$ 11,870	\$ -0-	\$ 33,364	\$ 45,234
Compensated absences payable	10,097	-0-	6,351	16,448
Security deposits held for tenants	10,408	-0-	-0-	10,408
Deferred liability	21,203	-0-	-0-	21,203
Due to other funds	<u>12,770</u>	<u>34,824</u>	<u>-0-</u>	<u>47,594</u>
Total liabilities	<u>66,348</u>	<u>34,824</u>	<u>39,715</u>	<u>140,887</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING BALANCE SHEET--ENTERPRISE FUND, CONTINUED
SEPTEMBER 30, 2002

	Low Rent Public Housing Program	Capital Fund Program	Housing Choice Vouchers Program	Totals (Memorandum Only)
Equity:				
Contributed capital	\$1,903,919	\$ -0-	\$ -0-	\$1,903,919
Retained deficit:				
Unreserved retained (deficit)	<u>(251,996)</u>	<u>58,440</u>	<u>113,718</u>	<u>(79,838)</u>
Total equity	<u>1,651,923</u>	<u>58,440</u>	<u>113,718</u>	<u>1,824,081</u>
Total liabilities and equity	<u>\$1,718,271</u>	<u>\$93,264</u>	<u>\$153,433</u>	<u>\$1,964,968</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS (DEFICIT)--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Low Rent Public Housing Program	Capital Fund Program	Housing Choice Vouchers Program	Totals (Memorandum Only)
Operating Revenues:				
Dwelling rental	\$ 145,762	\$ -0-	\$ -0-	\$ 145,762
Fees and charges	<u>16,431</u>	<u>-0-</u>	<u>-0-</u>	<u>16,431</u>
Total operating revenues	<u>162,193</u>	<u>-0-</u>	<u>-0-</u>	<u>162,193</u>
Operating Expenses:				
Salaries and employee benefits	126,876	-0-	62,882	189,758
Contractual services	50,286	-0-	18,302	68,588
Utilities	170,473	-0-	-0-	170,473
Garbage and trash removal	13,311	-0-	-0-	13,311
Depreciation	171,998	-0-	-0-	171,998
Insurance	57,071	-0-	900	57,971
Housing assistance payments	-0-	-0-	1,066,148	1,066,148
Convention and travel	1,472	-0-	496	1,968
Other	9,512	-0-	-0-	9,512
General	<u>38,433</u>	<u>-0-</u>	<u>9,928</u>	<u>48,361</u>
Total operating expenses	<u>639,432</u>	<u>-0-</u>	<u>1,158,656</u>	<u>1,798,088</u>
Operating loss	<u>(477,239)</u>	<u>-0-</u>	<u>(1,158,656)</u>	<u>(1,635,895)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS (DEFICIT)--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Low Rent Public Housing Program	Capital Fund Program	Housing Choice Vouchers Program	Totals (Memorandum Only)
Non-operating Revenues:				
Grants and subsidies	\$ 347,786	\$ 63,870	\$1,234,386	\$1,646,042
Interest income	3,886	-0-	18,258	22,144
Other	<u>323</u>	<u>-0-</u>	<u>-0-</u>	<u>323</u>
Total non-operating revenues	<u>351,995</u>	<u>63,870</u>	<u>1,252,644</u>	<u>1,668,509</u>
Net income (loss) before other financing sources (uses)	(125,244)	63,870	93,988	32,614
Other financing sources (uses):				
Operating transfer in	34,410	-0-	-0-	34,410
Operating transfer out	<u>-0-</u>	<u>(34,410)</u>	<u>-0-</u>	<u>(34,410)</u>
Net income (loss)	<u>(90,834)</u>	<u>29,460</u>	<u>93,988</u>	<u>32,614</u>
Retained earnings (deficit), beginning of year	<u>(161,162)</u>	<u>28,980</u>	<u>19,730</u>	<u>(112,452)</u>
Retained earnings (deficit), end of year	<u>\$(251,996)</u>	<u>\$ 58,440</u>	<u>\$ 113,718</u>	<u>\$ (79,838)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

**HOUSING AUTHORITY OF THE ST. CHARLES PARISH
BOUTTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):			
<u>Subject to Annual Contributions Contracts</u>			
Low Rent Public Housing	*14.850a	FW-1450	\$ 347,786
Housing Choice Vouchers Program	*14.871	FW-2258	1,234,386
Public Housing Capital Fund Program	14.872	FW-1450	<u>63,870</u>
Total			<u>\$1,646,042</u>

*Denotes major programs as defined by OMB Circular A-133.

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HASCP and is presented on an accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
SEPTEMBER 30, 2002

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS PROGRAM	TOTALS (MEMORANDUM ONLY)
111	Cash - unrestricted	\$101,959	\$ -0-	\$140,663	\$ 242,622
114	Cash - tenant security deposits	<u>10,408</u>	<u>-0-</u>	<u>-0-</u>	<u>10,408</u>
100	Total cash	<u>112,367</u>	<u>-0-</u>	<u>140,663</u>	<u>253,030</u>
122	Accounts receivable - HUD other projects	-0-	32,324	-0-	32,324
125	Accounts receivable-miscellaneous	2,823	-0-	-0-	2,823
126	Accounts receivable - tenants dwelling rents	12,055	-0-	-0-	12,055
126.1	Allowance for doubtful accounts-dwelling rents	<u>(10,312)</u>	<u>-0-</u>	<u>-0-</u>	<u>(10,312)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>4,566</u>	<u>32,324</u>	<u>-0-</u>	<u>36,890</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2002

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS PROGRAM	TOTALS (MEMORANDUM ONLY)
131	Investments - unrestricted	\$ 70,790	\$ -0-	\$ -0-	\$ 70,790
142	Prepaid expenses and other assets	18,249	-0-	-0-	18,249
143	Inventories	275	-0-	-0-	275
144	Interprogram due from	<u>34,824</u>	<u>-0-</u>	<u>12,770</u>	<u>47,594</u>
150	Total current assets	<u>241,071</u>	<u>32,324</u>	<u>153,433</u>	<u>426,828</u>
161	Land	13,028	-0-	-0-	13,028
162	Buildings	5,512,503	-0-	-0-	5,512,503
163	Furniture, equipment & machinery- dwellings	58,191	-0-	-0-	58,191
164	Furniture, equipment & machinery- administration	62,137	-0-	-0-	62,137
166	Accumulated depreciation	(4,168,659)	-0-	-0-	(4,168,659)
167	Construction in progress	<u>-0-</u>	<u>60,940</u>	<u>-0-</u>	<u>60,940</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,477,200</u>	<u>60,940</u>	<u>-0-</u>	<u>1,538,140</u>
180	Total non-current assets	<u>1,477,200</u>	<u>60,940</u>	<u>-0-</u>	<u>1,538,140</u>
190	Total assets	<u>\$ 1,718,271</u>	<u>\$93,264</u>	<u>\$153,433</u>	<u>\$ 1,964,968</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2002

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING	PUBLIC HOUSING CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS PROGRAM	TOTALS (MEMORANDUM ONLY)
321	Accrued wage/payroll taxes payable	\$ 743	\$ -0-	\$ -0-	\$ 743
322	Accrued compensated absences	10,097	-0-	6,351	16,448
331	Accounts payable - HUD PHA programs	-0-	-0-	23,338	23,338
333	Accounts payable - other	11,127	-0-	10,026	21,153
341	Tenant security deposits	10,408	-0-	-0-	10,408
347	Interprogram due to	<u>12,770</u>	<u>34,824</u>	<u>-0-</u>	<u>47,594</u>
310	Total current liabilities	<u>45,145</u>	<u>34,824</u>	<u>39,715</u>	<u>119,684</u>
353	Noncurrent liabilities - other	<u>21,203</u>	<u>-0-</u>	<u>-0-</u>	<u>21,203</u>
350	Total noncurrent liabilities	<u>21,203</u>	<u>-0-</u>	<u>-0-</u>	<u>21,203</u>
300	Total liabilities	<u>66,348</u>	<u>34,824</u>	<u>39,715</u>	<u>140,887</u>
504	Net HUD PHA contributions	<u>1,903,919</u>	<u>-0-</u>	<u>-0-</u>	<u>1,903,919</u>
508	Total contributed capital	<u>1,903,919</u>	<u>-0-</u>	<u>-0-</u>	<u>1,903,919</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2002

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
512	Undesignated fund balance/retained earnings(deficit)	\$ <u>(251,996)</u>	\$ <u>58,440</u>	\$ <u>113,718</u>	\$ <u>(79,838)</u>
513	Total equity	<u>1,651,923</u>	<u>58,440</u>	<u>113,718</u>	<u>1,824,081</u>
600	Total liabilities and equity	<u>\$1,718,271</u>	<u>\$93,264</u>	<u>\$153,433</u>	<u>\$1,964,968</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

Page 1 of 4

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2002

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
703	Net tenant rental revenue	\$145,762	\$ -0-	\$ -0-	\$ 145,762
704	Tenant revenue - other	<u>16,431</u>	<u>-0-</u>	<u>-0-</u>	<u>16,431</u>
705	Total tenant revenues	162,193	-0-	-0-	162,913
706	HUD PHA operating grants	347,786	-0-	1,234,386	1,582,172
706.1	Capital grants	-0-	63,870	-0-	63,870
711	Investment income - unrestricted	3,886	-0-	18,258	22,144
715	Other revenue	<u>323</u>	<u>-0-</u>	<u>-0-</u>	<u>323</u>
700	Total revenues	<u>514,188</u>	<u>63,870</u>	<u>1,252,644</u>	<u>1,830,702</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
911	Administrative salaries	\$ 47,894	\$ -0-	\$ 46,382	\$ 94,276
912	Auditing fees	428	-0-	6,633	7,061
913	Outside management fees	14,000	-0-	11,643	25,643
914	Compensated absences	8,107	-0-	2,193	10,300
915	Employee benefit contributions- administrative	12,765	-0-	4,859	17,624
916	Other operating-administrative	13,710	-0-	-0-	13,710
931	Water	38,468	-0-	-0-	38,468
932	Electricity	16,901	-0-	-0-	16,901
933	Gas	41,574	-0-	-0-	41,574
938	Other utilities expense	86,841	-0-	-0-	86,841
941	Ordinary maintenance and operations- labor	<u>47,733</u>	<u>-0-</u>	<u>-0-</u>	<u>47,733</u>
	Page total	<u>328,421</u>	<u>-0-</u>	<u>71,710</u>	<u>400,131</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
942	Ordinary maintenance and operations- materials and other	\$ 17,392	\$ -0-	\$ -0-	\$ 17,392
943	Ordinary maintenance and operations- contract costs	22,149	-0-	26	22,175
945	Employee benefit contributions- ordinary maintenance	10,377	-0-	9,448	19,825
961	Insurance premiums	57,071	-0-	900	57,971
962	Other general expenses	<u>25,147</u>	<u>-0-</u>	<u>10,424</u>	<u>35,571</u>
969	Total operating expenses	<u>460,557</u>	<u>-0-</u>	<u>92,508</u>	<u>553,065</u>
970	Excess (deficit) of operating revenues over operating expenses	<u>53,631</u>	<u>63,870</u>	<u>1,160,136</u>	<u>1,277,637</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III
Page 4 of 4

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>HOUSING CHOICE VOUCHERS PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
	Other Expenses:				
972	Casualty losses--not capitalized	\$ 6,877	\$ -0-	\$ -0-	\$ 6,877
973	Housing assistance payments	-0-	-0-	1,066,148	1,066,148
974	Depreciation expense	<u>171,998</u>	<u>-0-</u>	<u>-0-</u>	<u>171,998</u>
900	Total expenses	<u>639,432</u>	<u>-0-</u>	<u>1,158,656</u>	<u>1,798,088</u>
	Other Financing Sources (Uses):				
1001	Operating transfers in	34,410	-0-	-0-	34,410
1002	Operating transfers out	<u>-0-</u>	<u>(34,410)</u>	<u>-0-</u>	<u>(34,410)</u>
1000	Excess (Deficiency) of revenues over (under) expenses	<u>\$(90,834)</u>	<u>\$29,460</u>	<u>\$ 93,988</u>	<u>\$ 32,614</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

STATEMENT OF CAPITAL FUND PROGRAM--INCOMPLETE

From Inception through September 30, 2002

LA-48P094501-00

Funds approved	\$234,730
Funds expended	<u>(58,831)</u>
Excess (deficiency) of funds approved	<u>\$175,899</u>
Funds advanced:	
Grant funding	\$ <u>35,476</u>
Total funds advanced	35,476
Funds expended	<u>(58,831)</u>
Excess (deficiency) of funds advanced	<u>\$(23,355)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

STATEMENT OF CAPITAL FUND PROGRAM--INCOMPLETE

From Inception through September 30, 2002

	<u>LA-48P094501-01</u>
Funds approved	\$239,428
Funds expended	<u>(34,019)</u>
Excess (deficiency) of funds approved	<u>\$205,409</u>
Funds advanced:	
Grant funding	\$ <u>25,050</u>
Total funds advanced	25,050
Funds expended	<u>(34,019)</u>
Excess (deficiency) of funds advanced	\$ <u>(8,969)</u>

See Independent Auditors' Report on Supplementary Information.



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Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the financial statements of the **Housing Authority of St. Charles Parish (HASCP)** as of and for the year ended September 30, 2002, and have issued our report thereon dated February 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **HASCP's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2002-01.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HASCP's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect HASCP's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2002-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information and use of the Board of Commissioners, HASCP's management, the Legislative Auditor, State of Louisiana and the United States Department of Housing and Urban Development and is not intended to and should not be used by anyone other than those specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2003



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Michael B. Bruno, CPA
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Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Compliance

We have audited the compliance of the **Housing Authority of St. Charles Parish (HASCP)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. **HASCP's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **HASCP's** management. Our responsibility is to express an opinion on **HASCP's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **HASCP's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **HASCP's** compliance with those requirements.

In our opinion, **HASCP** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2002-02.

Internal Control Over Compliance

The management of **HASCP** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **HASCP's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect HASCP's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2002-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, HASCP's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than those specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2003

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition (s) identified
that are not considered to be material
weaknesses? Yes

Noncompliance material to financial
statements noted? No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified
that are not considered to be
material weakness(es)? Yes

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? Yes

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Vouchers Program
14.850a	Low Rent Public Housing

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	No
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**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section II - Financial Statement Finding, Continued

Reference Number

2002-01

Criteria

The management of **HASCP** is responsible for establishing and maintaining an effective internal control to ensure compliance with laws, regulations and program requirements.

Condition

The operations of **HASCP**'s internal control over financial reporting exhibited the following conditions:

- Fourteen (14) instances where no mathematical verification of invoices were performed by staff prior to payment of invoices; and
- No evidence to support Executive Director or designee approval of invoices prior to payment.

Effect

A weakened internal control increases the potential risk for errors and/or fraudulent activity.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section II - Financial Statement Finding, Continued

Reference Number, Continued

2002-01

Cause

Lack of an established procedure to ensure completeness of cash disbursement cycle.

Recommendation

Management should re-evaluate the current internal control with an aim toward improving existing procedures and processes to include greater management oversight.

Management's Response

HASCP has procured a "Verification Stamp". It will be used on each invoice after a mathematical check has been performed to support the payment. The effective date of use is April 1, 2003.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section III - Federal Award Finding and Questioned Costs

Reference Number

2002-02

Federal Program

All programs (See Schedule of Expenditures of Federal Awards)

Criteria

The management of **HASCP** is responsible for establishing and maintaining an effective internal control to ensure compliance with laws, regulations and program requirements.

Condition

The operations of **HASCP's** internal control over financial reporting exhibited the following conditions:

- Fourteen (14) instances where no mathematical verification of invoices were performed by staff prior to payment of invoices; and
- No evidence to support Executive Director, or designee approval of invoices prior to payment.

Questioned Costs

None.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section III - Federal Award Finding and Questioned Costs, Continued

Reference Number, Continued

2002-02

Effect

A weakened internal control increases the potential risk for errors and/or fraudulent activity.

Cause

Lack of an established procedure to ensure completeness of cash disbursement cycle.

Recommendation

Management should re-evaluate the current internal control with an aim toward improving existing procedures and processes to include greater management oversight.

Management's Response

HASCP has procured a "Verification Stamp". It will be used on each invoice after a mathematical check has been performed to support the payment. The effective date of use is April 1, 2003.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2001-01

Condition

Our review of the payroll records for a current employee of **HASCP** reflected a pay rate that was inconsistent with the State of Louisiana Department of Civil Service approved "Personnel Action Form" (SF-1). We noted that the referenced employee was given a merit increase as early as October 1, 2000 while the documents approved by the Executive Director reflected an effective date or eligibility date for the increase as May 15, 2001.

It is our understanding through discussion with management that the error was the result of the use of an incorrect rate by the employee preparing the worksheet for the payroll adjustment.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2001-02

Condition

Our review of twenty-eight (28) disbursements revealed the following conditions:

- Untimely requisitioning of (CIAP) funds as reimbursement for funds advanced and disbursed from the Public Housing Low Rent operating funds on behalf of CIAP program activities;
- Inability to substantiate via the provision of invoices and/or other supporting documents, Line of Credit Control System (LOCCS) funds drawn down in the amount of \$3,058 and \$6,706, respectively; and
- Over-requisitioning of CIAP funds in the amount of \$1,156. **HASCP** requested reimbursement in the amount of \$18,000 when supporting vendor invoice amounted to \$16,844.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2001-03

Condition

Our review of the September 30, 2001, general ledger revealed a payable to HUD in the amount of approximately \$41,000. The amount appears to be outstanding for over a period of more than one (1) year. Through discussion with management and the fee accountant we were unable to ascertain the validity of the amount at September 30, 2001. Amount is immaterial to the financial statement taken as a whole.

Current Status

Resolved.

Reference Number

2001-04

Condition

Our review of eleven (11) disbursements revealed two (2) instances where the required documentation to support the basis for the type of procurement process used and resulting conclusions were unavailable. In one instance, the contract for services based on discussion with management was for the provision of technical services on a "Sole Source" basis. In the other instance, there was no documentation to support the basis for continued used of a specific vendor upon expiration of the initially procured contract period.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2001-05

Condition

Our review of sixteen (16) tenant files revealed the absence of independent third party verification of income in one (1) instance. It is our understanding through discussion with management, that the untimely return of requested income verification from third parties impacts the income verification process for HASCP.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2000-01 and 1999-02

Condition*

The Public and Indian Low-Income Housing Program's actual expenses for the year ended September 30, 2000, reflected overruns over the approved budget in the total administrative expense category by \$25,748 and total routine expense category by \$3,684.

Current Status

Net cumulative budgeted to actual overrun for the year ended September 30, 2002, was approximately \$5,600 or one (1) percent of HASCP's budgeted expenses for fiscal year June 30, 2002. Management continues to work toward the alignment of its actual cost to budgeted amount through periodic review of financial statements and revision of budgeted amounts as applicable.

Reference Numbers

2000-02 and 1999-01

Condition*

The general ledger and related subsidiary ledger for fixed assets prepared by HASCP's fee accountant, does not include all inventory items for appliances owned by HASCP. We noted the most recent correspondence dated February 22, 2001 from the Executive Director of HASCP to the fee accountant for HASCP requesting the recordation of the necessary "book to physical" adjustments in order to properly state fixed assets.

*Repeated

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2002

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2000-02 and 1999-01

Condition, Continued

The total value of the inventory prior to the effect of accumulated depreciation is approximately \$40,000. It is our understanding based on discussion with the fee accountant that the necessary adjustment will be recorded in the current fiscal year.

Current Status

Management of **HASCP** is currently working with its fee accountant to resolve this condition. Expected completion date is September 30, 2003.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

EXIT CONFERENCE

SEPTEMBER 30, 2002

The financial statements and related reports were discussed at an exit conference held on March 31, 2003.

Those that participated in the conference as well as previous discussions are as follows:

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

Mrs. Leala Jackson — Executive Director

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA — Partner
Mrs. Latona Thomas, CPA — Senior Accountant
Mr. Victor Robinson — In-Charge Accountant



Member

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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

To Ms. Leala Jackson
Executive Director
Housing Authority of St. Charles Parish

In planning and performing our audit of the financial statements of **Housing Authority of St. Charles Parish (HASCP)** as of and for the year ended September 30, 2002, we considered **HASCP's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

As part of our audit, we reviewed the status of prior years' comments to management. The following summarizes the current status of those matters.

Currently, **HASCP** uses the services of a fee accountant in connection with the financial preparation and reporting aspects of its financial management system. Furthermore, it is our understanding based on discussions with management that those services include among others the preparation of **HASCP's** monthly financial statements, account analysis and reconciliations as well as the preparation for filing of all State and Federal tax reports and selected reports to **HASCP's** funding agency.

To Ms. Leala Jackson
Executive Director
Housing Authority of St. Charles Parish
Page 2

Condition

Our review of eleven (11) disbursements revealed the absence of cancellation of invoices and supporting documents to reduce the risk of duplicate payment.

Current Status

Resolved.

Condition

Currently, **HASCP** does not have an established written policy to facilitate the allocation of shared cost between programs.

Current Status

The **HASCP** allocates shared costs to the various programs it administers. However, the **HASCP** is currently working on a written policy regarding its shared cost allocation methodology. Anticipated completion date is September 30, 2003.

Condition

Considering the size of **HASCP**, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of **HASCP**'s assets.

Current Status

Management of **HASCP** continues to recognize the importance of internal control and actively participates in key activities.

To Ms. Leala Jackson
Executive Director
Housing Authority of St. Charles Parish
Page 3

Condition

During our review of the September 30, 2001 bank account reconciliations, we noted several checks that were outstanding over 90 days.

Current Status

Resolved.

Condition

Currently, **HASCP** performs the necessary “back-up” of its accounting and program data and stores such data to include all of its records on site.

Current Status

Management anticipates resolution regarding off-site storage by no later than September 30, 2003.

Condition

Currently, **HASCP** receives from its fee accountant monthly financial statements on a combined basis for the balance sheet and individual statements of operation. Considering that the “REAC” reports submitted by the fee accountant has to be prepared on an individual program basis, and to facilitate **HASCP**’s ability to review its completed financial statements from an individual program prospective, we recommend that the financial statement format be restructured to allow for the submission of individual balance sheets and statements of operation for each program managed by **HASCP**.

To Ms. Leala Jackson
Executive Director
Housing Authority of St. Charles Parish
Page 4

Current Status

Management continues to work with its fee accountant to conclude on the described conditions. Expected resolution date is December 31, 2003.

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and the U. S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2003